

# 2023-24 Second Interim Budget

March 7, 2024 Agenda Item No. 11.2

## Acronyms

ADA	Average Daily Attendance	LCFF	Local Control Funding Formula
AMIM	Arts Music Instructional Materials Block Grant (1x)	LREBG	Learning Recovery Emergency Block Grant (1x)
ASES	After School Education and Safety	MYP	Multi-Year Projections
COLA	Cost of Living Adjustment	OPEB	Other Post Employment Benefits
CTE	Career Technical Education	P-2	Second Period Attendance Reporting Cycle
ELOG	Expanded Learning Opportunities Grant (1x)	PERS	California Public Employees' Retirement System
ELOP	Expanded Learning Opportunities Program	S&C	Supplemental and Concentration Funds
EPA	Education Protection Account	SCOE	Sacramento County Office of Education
ESSER	Elementary and Secondary School Emergency Relief (1x)	STRS	California State Teachers Retirement System
FEMA	Federal Emergency Management Agency (1x)	SUI	State Unemployment Insurance
HTS	Home-To -School Transportation LCFF Add-On	TIIG	Targeted Instructional Improvement Grant LCFF Add-On
IPI	In Person Instruction Grant (1x)	UPK	Universal Prekindergarten Planning and Implementation
LCAP	Local Control Accountability Plan	UPP	Unduplicated Pupil Percentage

\*1x indicates a one-time funding source



### Agenda

- Budget Reporting Cycle
- Revenues
- Expenditures
- Surplus / Deficit & Fund Balance
- Multi-Year Projections
- Enrollment Trend & Other Funds
- Summary and Certification



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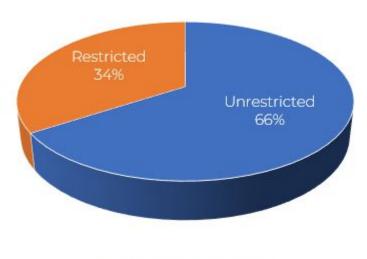
# Revenues

2023-24 Second Interim Report

## **2023-24 Second Interim Revenues**

- District revenues are received as restricted or unrestricted funds
- Unrestricted funds are used for general purposes and are the primary resource for core educational programs
- Restricted revenues are received for specific and limited purposes

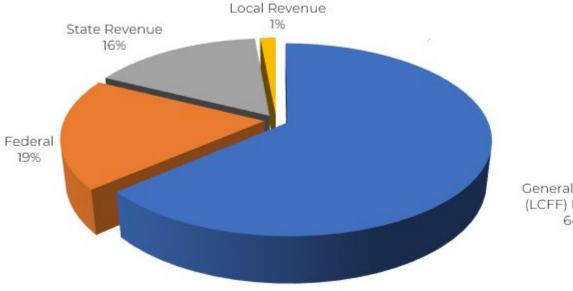
General Fund Revenues



Unrestricted
Restricted



## **2023-24 Second Interim Revenues by Source**



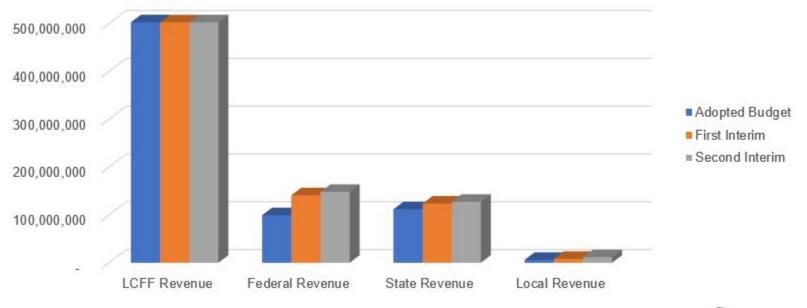
Total General Fund Revenue 2023-24 Second Interim

General Purpose (LCFF) Revenue 64%



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## 2023-24 Revenue Summary Comparison





# **2023-24 Second Interim Revenue Changes**

### **Unrestricted Revenue**

- LCFF updated to reflect current year enrollment and unduplicated pupil counts
- Increased local revenue from additional interest earned

### **Restricted Revenue**

- Federal revenue increased due to budgeting remainder of carryover funds of \$6.9M
- State revenues increased due to budgeting additional grant awards and carryover funds related to the California Community Schools Partnership Program, Partnership Academies Program, High Road Training grant, and teacher implementation and residency grant funds.
- Local revenue was also adjusted to reflect additional local grant funds received





# Expenditures

2023-24 Second Interim Report

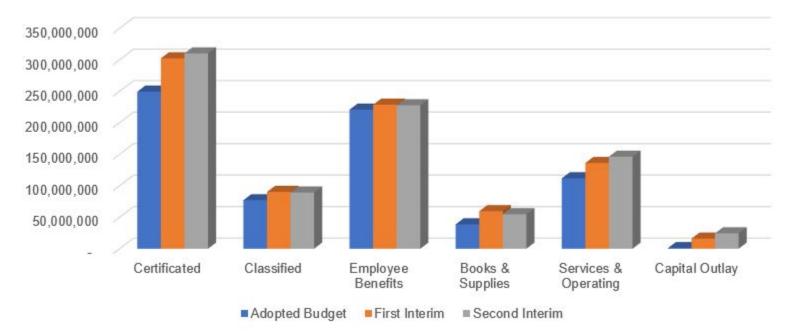
## **2023-24 Second Interim Expenditures**

Restricted 47% Unrestricted 53%

**General Fund Expenditures** 

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# **2023-24 Second Interim Expenditures**





## 2023-24 Second Interim Expenditure Changes

- Certificated and Classified salaries/benefits increased due to bargaining agreements reached including retroactive and ongoing costs. Additional adjustments include budgeting of additional grant awards received
- Salaries/benefits decreased to reflect an estimated \$1.25M in unrestricted vacancy savings
- Books and supplies decreased due to unrestricted one-time savings and budget adjustments to restricted programs including Title I, Special education, and AMIM
- Services & Operating cost increases include adjustments to legal costs and technology contracts and restricted program adjustments for Special Education, Title programs and ELOG contracted services
- Capital outlay increased due to one-time purchase of equipment and restricted capital outlay adjustments for ESSER funded capital outlay projects
- Transfers out increase of \$107K for the estimated contribution to the Adult Education fund

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# **General Fund Contributions**

- Some programs do not generate revenues that are sufficient to cover all expenses
- For these programs, the General Fund must "contribute" unrestricted dollars to maintain the program or services
- Projected general fund contributions as of the 2023-24 Second Interim report are illustrated in the tables below:

Program	2023-24 First Interim Budget	2023-24 Second Interim Budget	
Special Education	\$103,520,644	\$103,520,644	
Routine Restricted Maintenance Account	\$18,493,200	\$18,493,200	
Total	\$122,013,844	\$122,013,844	

Other Funds	2023-24 First Interim Budget	2023-24 Second Interim Budget	
Adult Ed	\$0	\$107,138	

 The increase in contributions for the Adult Education fund include the estimated one-time and ongoing salary and benefit costs of bargaining agreements

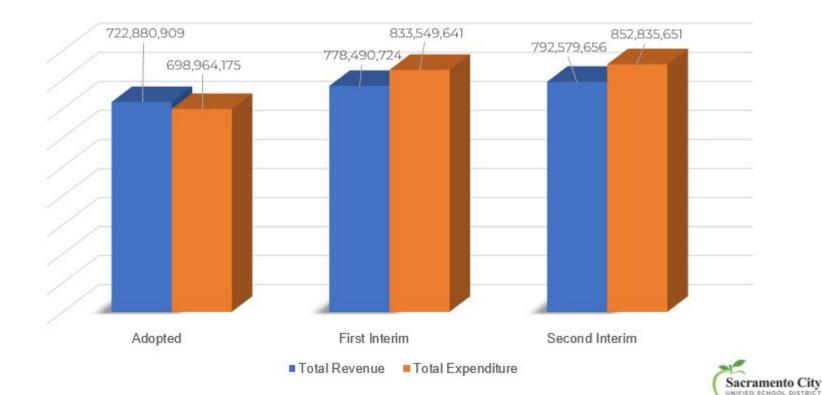




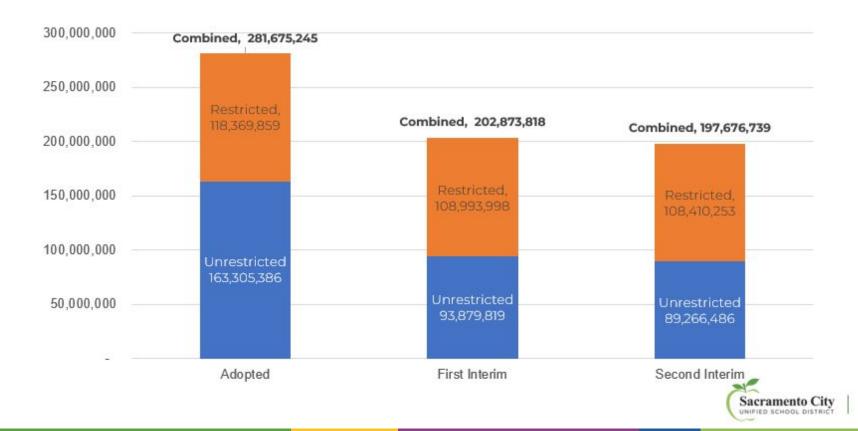
# Surplus/(Deficit) and Fund Balance Summary

2023-24 Second Interim Report

# 2023-24 Surplus / (Deficit) Comparison



# **2023-24 Ending Fund Balance Comparison**



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# **Multi-Year Projections**

2023-24 Second Interim Report

# **MYP Revenue Assumptions**

#### **Unrestricted Revenue Assumptions**

- Continued declining enrollment resulting in decreased state and federal revenue
- LCFF COLA of .76% for 24-25 and 2.73% for 25-26; a decrease of 3.18% and .56% respectively
- Increased state revenue due to additional transportation reimbursement funding
- Local revenues projected to decrease to remove one-time revenues received in 2023-24
- Contributions to Special Education adjusted based on historical trends and increases in salaries and benefits related to settlement agreements

#### **Restricted Revenue Assumptions**

- Federal, State and Local revenue reduced in 2024-25 to remove carryover funds and one-time revenue received in 2023-24
  - Includes carryover and one-time funds in ESSER, IPI, Title Programs, CTE, ASES, UPK, Special Ed and FEMA

• Contributions to Special Education adjusted based on historical trends and increases in salaries and benefits related to settlement agreements



# **MYP Expenditure Assumptions**

#### Expenditure Assumptions for 2024-25 and 2025-26

- Estimated step and column costs of 1.4% for Certificated and .7% for Classified
- Certificated salaries/benefits adjustments for projected costs of bargaining agreement settlement, re-allocation of 1.5% OPEB contribution, and projected ongoing vacancy savings
- Classified salaries/benefits adjustments for implementation of a \$20 minimum wage effective 7/1/24
- STRS contribution to remain flat and PERS increase of 1.12% in 24-25 and .7% in 25-26
- Benefits projected increase of 8.80% for escalating health care costs
- Use of one-time restricted funding sources to fund a portion of projected unrestricted salary & benefit increases in 2024-25 and restricted one-time costs / positions removed in 2025-26
- Books & Supplies / Services & Operating / Capital Outlay assume discontinuation of costs associated with one-time revenue sources and one-time expenditures

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# 2023-24 Multi-Year Projections & Components of Ending Fund Balance

Description	2023-24 Second Interim Budget	Projected 2024-25	Projected 2025-26
Total Revenues	790,211,395	651,657,815	652,837,810
Total Expenditures	852,835,651	769,812,908	739,079,367
Net Increase/(Decrease)	(60,255,996)	(115,786,832)	(83,873,296)
Beginning Fund Balance	257,932,735	197,676,739	81,889,907
Ending Fund Balance	197,676,739	81,889,907	(1,983,389)
Nonspendable	325,000	325,000	325,000
Committed	-	-	-
Restricted	108,410,253	44,077,940	37,743,960
Assigned	848,577	848,577	848,577
2% REU	17,009,348	15,348,893	14,734,222
Unassigned/Unappropriated	71,083,561	21,289,496	(55,635,148)

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# 2023-24 Multi-Year Projections & Components of Ending Fund Balance



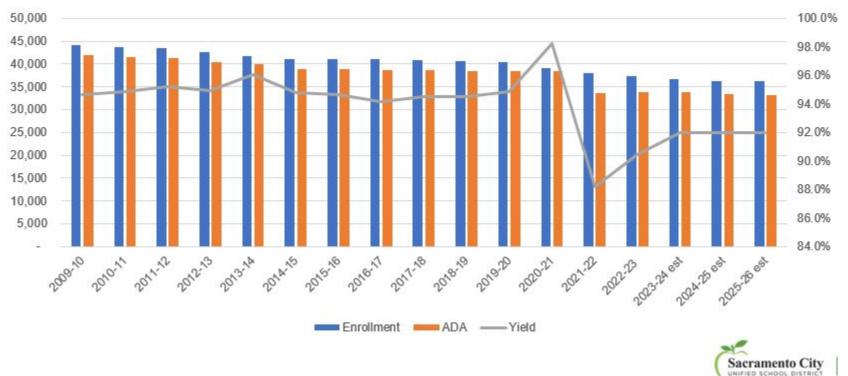


# Enrollment Trend & Other Funds

2023-24 Second Interim Report

# **SCUSD Enrollment & ADA Trend**

Enrollment & ADA Trend



# **Other Funds Summary**

Fund	2023-24 Beginning Fund Balance	Budgeted Net Change	2023-24 Second Interim Budget Ending Fund Balance
01 General (Unrestricted and Restricted)	\$257,932,735	(\$60,255,996)	\$197,676,739
08Student Activity Fund	\$1,570,033	\$0	\$1,570,033
09 Charter Schools	\$15,520,269	(\$3,486,807)	\$12,033,462
11 Adult Education	\$1,061,008	(\$495,484)	\$565,524
12 Child Development	\$1,239,859	\$859,760	\$2,099,619
13 Cafeteria	\$18,388,342	(\$2,532,041)	\$15,856,301
21 Building Fund	\$277,090,337	(\$173,330,588)	\$103,759,750
25 Capital Facilities	\$26,933,108	(\$454,254)	\$26,478,854
35 County School Facilities Fund	\$0	\$0	\$0
Capital Projects for Blended			
49 Components	\$1,794,788	\$791,739	\$2,586,527
51 Bond Interest and Redemption	\$41,979,247	\$649,823	\$42,629,069
61 Cafeteria Enterprise Fund	\$25,047	\$0	\$25,047
67 Self-Insurance Fund	\$12,328,878	(\$1,330,171)	\$10,998,707



# **Summary and Certification**

- The District is projected to satisfy the 2% reserve for economic uncertainties and in 2023-24, 2024-25, however it projects a negative fund balance in 2025-26 and the inability to meet its 2% REU
- The District projects an unrestricted deficit of (\$46.4M) in 2023-24, (\$51.5M) in 2024-25 and (\$77.5M) in 2025-26
- Strategic budget planning and discussions are ongoing in order to address the projected negative fund balance and deficit spend
- Education Code 42131 requires the Interim report and Certification of Financial Condition be approved by the Governing Board of the School District
- Staff recommends a "<u>Qualified Certification</u>" which certifies that, based on current projections, SCUSD will meet its financial obligations for the current and 2024-25 year, but may not meet its financial obligations for the 2025-26 year.
- Based on the district's recommended Qualified Certification, the next reporting period is the Third Interim report in May



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# **Thank You**